



CONFIDENTIAL

September 10, 2008

The Honorable Anthony W. Ryan
Acting Under Secretary for Financial Institutions Policy
United States Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Re: National Bankers Association – Minority Bank Capital Restoration Program

Dear Mr. Ryan:

As a follow-up to our meeting yesterday, we sincerely appreciated the opportunity to discuss with you, Senior Treasury representatives and bank regulatory agency officials the impact of the recent conservatorship of Fannie Mae and Freddie Mac (collectively, the "GSEs") on minority depository institutions ("MDIs"). We emphasized that Treasury should provide appropriate protection on an urgent basis to avert possible failure of one if not several of our institutions, a situation that would undoubtedly reverberate through the entire minority banking sector, causing irreparable harm to the inner-city communities we serve. Unlike with a typical "majority" bank, no bank will step in to save our inner-city communities should one of our banks fail.

As a result of the discussions at the meeting and subsequently, we have refined our proposal consistent with our immediate need to protect minority banks from failure or significant adverse impact due to the decline in the GSE preferred stock. Accordingly, we would propose the following Minority Bank Capital Restoration Program:

As a part of the resolution to the takeover of the GSEs, Treasury would redeem the GSE preferred stock held by an MDI in an amount equal to the lesser of: (1) the amount the MDI paid for the preferred stock; or (2) the amount necessary to return the MDI back to "well-capitalized" status (as defined in the relevant Prompt Corrective Action rules).

Again, we are not seeking a windfall from this resolution. We note that this proposal very well may result in an MDI losing money on its GSE preferred, which is consistent with Treasury's stated goal to protect taxpayers. We also reiterate our position that there is no less reason to protect minority banks that invested in GSEs than the reasons for the resolution you are developing for the GSEs themselves. Both serve critical social and economic roles in the economic and social framework of their communities.

To be clear, however, while the return of this capital is very important to the continued health of minority banks, given their size it is not significant to the government in

absolute dollar terms, let alone relative to the anticipated expenditure with respect to the GSEs. Such a result will preserve the critical service provided by minority banks, and be consistent with the broader and more significant relief provided to the GSEs and the more general Congressional and other commitments to preserve minority banks in FIRREA and elsewhere.

It is also worth mentioning that time is of the essence and we continue to be concerned that the relief we are seeking, or any appropriate derivative thereof, may not be granted in time to avert an impending crisis. Therefore, we respectfully request and thank you in advance for acting on our request on an urgent basis. To put it bluntly, we are seeking Treasury action on this proposal this week.

If you have any questions, please feel free to contact me at (617) 457-4415. In any event, I hereby request ongoing standing calls with you or a member of your Senior staff to discuss progress. Please call me to discuss the appropriate member of your staff to engage in those discussions.

We hereby request confidential treatment of this letter to the fullest extent permitted by your regulator.

Sincerely,



Robert Patrick Cooper
Chairman-Elect

cc: The Honorable Henry M. Paulson, Jr.

The Honorable Michael E. Capuano
The Honorable Christopher Dodd
The Honorable Barney Frank
The Honorable Edward Kennedy
The Honorable John Kerry
The Honorable Maxine Waters
The Honorable Stephen F. Lynch